

The ultimate insider trader is the Queen

by Scott Thompson

Her Majesty Queen Elizabeth II is the wealthiest crone in the world, who gives new meaning to the phrase, "stinking rich." Her total wealth is divided into two parts. One is a Venetian-style *fondo*, that is, it is inalienable and must be passed on to her heir, free from inheritance tax. The second part of her wealth consists of her private collection of castles, jewelry, and art, and a portfolio of blue chip stocks and bonds and real estate investments around the world. Her investment portfolio is estimated to be worth £3 billion.

One of the secrets to her disposable wealth is that she amassed it tax free until 1992—the *Annus Horribilis*, which started with the separation of Charles and Diana and ended with the burning of Windsor Castle—when she entered a memorandum of understanding to pay income, capital gains, and inheritance taxes on this portfolio; although, the Queen can break this agreement at any time she desires.

A second, most important secret is that the Queen is the world's ultimate "insider trader." She not only gets tips from British financiers, but also has access to all the state secrets, through the "boxes." Thus, if the Queen learns from among all public and private British Empire intelligence and economic warfare entities reporting to her, for example, that Nigeria is about to be destabilized, she can immediately call her broker. Under the secrecy laws of the British Empire, it would be unthinkable for anyone to consider pressing charges of insider trading and conflict of interest against the sovereign: In fact, only a handful of trusted advisers would ever know.

The Queen thus follows the Venetian system of being Doge of a financier-oligarchy. One key point in this shift of the sovereign as the largest landholder, to the sovereign as a financier, took place under George III, who turned over most of the Crown Lands to Parliament in exchange for a Civil List of payments to fund the monarchy and its retainers, which has expanded ever since (when all the perquisites are taken into account). The Civil List, especially since the reign of Queen Victoria's heir, Edward VII, represented a vast pool for financial speculation.

Incestuous relationship

Since at least King Edward VII (1901-10), there has been an incestuous relationship between the monarch of the British Empire and the financier oligarchy, especially with Barings Bank, dating from before the Opium Wars, and with Morgan Grenfell (see corporate profiles, p. 67). Edward VII was said

to be "philo-Semitic," but in reality he was "philo-banker." Edward had a geopolitical vision in the Venetian tradition, and it was one of brutal simplicity: the encirclement of Germany with a hostile coalition, and the destruction of the nation-states of Europe. With this ambition driving him, Edward VII set up the Anglo-Franco-Russian alliance that became known as the Triple Entente. His policies led directly to explosion of world war in 1914.

One of Edward VII's leading financial advisers was Hungarian Jewish banker Baron Hirsch, who purchased an introduction to Edward in 1890 from Crown Prince Rudolf of Austria. When Baron Hirsch died in 1896, his position as leading adviser passed on to his executor, another Jewish banker, Ernest Cassel, whose daughter and heiress, Edwina, would ultimately marry Lord Louis Mountbatten, a chief influence on Prince Philip and Prince Charles.

The Rothschilds and the Sassoons, also Jewish bankers, were friendly with Edward VII, as were the American financiers J.P. Morgan and E.H. Harriman.

Within a span of less than ten years, Edward VII amassed a fortune of £100 million (at 1991 prices), which would place him among the world's wealthiest. This was the start of the modern-era financial wealth of the British monarchy.

Edward VII's heir, George V (1910-36), tended to be more plodding in his investments. Nonetheless, he continued the "philo-bankerism" of his father. George V's private financial adviser from 1929 onward was a Canadian, Sir Edward Peacock, of Barings merchant bank and a director of the Bank of England. Sir Edward had been prepared for this position by his predecessor, Lord Revelstoke, who had also been with Barings. In 1934, for services rendered the Crown, Peacock was knighted a Grand Cross of the Royal Victorian Order, which is part of the "Sovereign's Gift" that does not require advice of the prime minister. George V liked the incestuous relationship with "the City"; for example, he selected Lord Cromer as his Lord Chamberlain (which is the highest household rank), who was briefly managing director of Barings and a director of several other companies.

When George V died in 1936—the year of the three kings—he left £100 million (at 1991 prices).

George VI (1936-52), who ascended the throne when his brother Edward VIII abdicated in 1936, inherited about half their father's fortune. He also inherited the advice of Barings' head, Sir Edward Peacock, who would continue to advise the monarch until his death, well into Queen Elizabeth II's reign. Queen Elizabeth II is believed to have inherited the bulk of George VI's fortune, some £50 million, to invest and reinvest tax free from 1952, when she became Queen. Conservative estimates are that her portfolio grew to £3 billion (present value).

Apart from Barings, which, going back 300 years, had worked with the British East India Company and which, after its bankruptcy last year, was taken over by the "hot-money-laundering" Dutch firm ING, the Queen had relied upon Mor-

gan Grenfell, which was taken over by Deutsche Bank, transforming that German bank into part of the British Empire's financial network in the process. Morgan Grenfell senior executive William Hill-Wood, financial adviser to King George VI, continued his services to George's daughter Elizabeth, who gave him a knighthood of the Royal Victorian Order. Undoubtedly, the Queen was not pleased by ING's takeover of Barings and by Deutsche Bank's takeover of Morgan Grenfell.

The Queen's 'fondo' and her private property

The Queen has some 310 residences. Almost all are part of the inalienable *fondo* to be passed on to her heir, and most are "grace and favor" houses for family members and retainers, ranging from the humble to the magnificent. Included in the *fondo* are five castles: Buckingham Palace, Windsor Castle, Holyroodhouse in Edinburgh, Kensington Palace (occupied by Princess Diana), and St. James Palace (occupied by Prince Charles). Two other castles, Balmoral and Sandringham, are private property, originally purchases of Queen Victoria. All these properties are maintained by the Department of the Environment (presumably because they are the habitat of an endangered species).

Queen Elizabeth recently created the Royal Collection Trust—which she heads, as will her heir—to which were transferred all the 7,000 paintings, 20,000 Old Master drawings, and various antiques acquired before Queen Victoria's reign, all part of the *fondo*. At the instigation of Prince Philip, duke of Edinburgh, a chapel owned by the royal family was converted to a museum for the display of this art, a fraction at a time. As part of her private fortune, the Queen has a large collection of art works ranging from the Renaissance to the craziest of modern art.

The Duchy of Lancaster is also part of her *fondo*: The duchy is comprised of properties stolen in the thirteenth century from the rebel Simon de Monfort, who tried to create a powerful Parliament and failed in 1265, only to have his land and life taken by Edmund Crouchback, youngest son of Henry III. In 1987, the Duchy of Lancaster was 36,456 acres, mainly agricultural land; within the duchy, the freehold of 2.25 acres in the Strand area of London (lying between the Savoy Hotel and Somerset House) is so valuable, that the Queen had The Duchy of Lancaster Act of 1988 steered through Parliament allowing her to develop and sell this area.

The Prince of Wales, the Heir Presumptive, Charles, came into the income of the second royal family duchy, the Duchy of Cornwall, which has 44,000 acres, including another posh section of London. Prince Charles agreed to return 50% of Cornwall's earnings to the state, which was reduced to 25% upon his marriage to Lady Diana. As for the Queen, she uses part of the income from the Duchy of Lancaster to supplement the Civil List in giving an income to her close relatives.

The famous Crown Jewels, which are kept in the Tower of London, except for major events such as coronations, are

part of the *fondo*. Apart from those, the Queen has inherited or bought the largest private collections of jewels in the world. At auction, it might bring £350 million (1991 currency). There is no complete listing of the Queen's private collection, but the monarchist Leslie Field estimates that it includes: "14 tiaras, 34 pairs of earrings, 98 brooches, 46 necklaces, 37 bracelets, 5 pendants, 14 watches, and 15 rings."

The history of the collection again shows the incestuous relationship between the Crown and the City of London. When the British East India Company defeated the maharajah of the Punjab, in 1851, the company presented to Queen Victoria what was then the world's largest diamond, the Koh-in-noor diamond. Queen Victoria took sadistic pleasure in displaying the Koh-in-noor to the defeated maharajah on his visit to Buckingham Palace, and he left muttering, "Mrs. Fagin." At the conclusion of the Boer War, the peace offering to the sovereign included the largest uncut diamond in the world, the Cullinen Diamond, weighing 3,106 carats. Two cut stones from the Cullinen Diamond went to adorn the Crown Jewels, and the Queen today possesses a brooch that consists of the third and fourth largest stones (94.4 and 63.6 carats) cut from the Cullinen Diamond. The British sovereigns were regularly showered with jewels by propitiatory princes of India, and, as that largesse ran out, they received special treasures from Anglo-American diamond finds in South Africa. For example, shortly after World War II, Mary Oppenheimer presented Princess Elizabeth with a 6-carat, blue-white diamond for helping advertise Anglo-American's diamond monopoly at a time when diamond prices were depressed. Later, Princess Anne, the Queen's oldest daughter, on her 21st birthday, received a necklace of colored diamonds. Today, an adulatory group of oil-rich sheikhs and emirs adds to the Queen's private collection.

Her Majesty's portfolio

It is forbidden for Parliament to discuss the fact that the Queen has kept her private wealth a secret. But, in 1977, it was discovered through a Parliamentary question, that the Bank of England had established a special nominee company, the Bank of England Nominees Ltd. (BOEN), to hide investments of the Queen's portfolio, as well as those of others whom she recommends, such as King Fahd of Saudi Arabia, the Sultan of Brunei, King Bhumibhol Adulayadej of Thailand, and the Kuwait Investment Office. But, BOEN is only one of the means apparently employed by the Queen's royal insider trader to hide her wealth.

Philip Beresford, author of *The Book of the British Rich*, written in conjunction with the *Sunday Times* of London, has said that the Queen tends to invest in "blue chip" stocks, including Rio Tinto Zinc, General Electric Company of Great Britain, Imperial Chemical Industries, Royal Dutch Shell, and British Petroleum. Among the firms through which she has invested are Barings, S.G. Warburg's subsidiary Rowe & Pitman, and Cazanove. The Queen's holding in Rio Tinto Zinc

(RTZ) was first discovered through a leak from a source at the Bank of England to Andrew Morton, who wrote the authorized biography of Diana, Princess of Wales.

According to Charles Higham, co-author of *Elizabeth and Philip*, the Queen is a major stockholder in RTZ, which, with her old friends at Anglo-American, controls 12% of the world's precious, strategic, and base metals and minerals (see corporate profiles). *Forbes* magazine also reported that she was a major RTZ shareholder, as was the Bank of England. Higham quotes Sir Mark Turner, then chairman of RTZ: "You're running into problems of what the government is going to say about the Queen's involvement. RTZ is one of the great assets of the country."

RTZ was in on developing North Sea oil from the beginning. Writes Higham: "The Queen undoubtedly approved the heavy investment, which would enrich her in the immediate future." Starting in June 1975, RTZ and Texaco were spearheading shipments from the North Sea Argyll Field, to the refineries of British Petroleum, in which firm Queen Elizabeth is also believed to hold an interest.

In 1976, the U.S. Senate Foreign Relations Committee, in hearings chaired by Frank Church (D-Idaho), and attended by Attorney General Edward H. Levi, found that an international cartel, of which RTZ was a major partner, had been formed in 1971 to fix the world's uranium prices. A federal grand jury found corroborating evidence of RTZ's role. Also discovered to be part of the cartel was Mary Kathleen Uranium of Australia, which has been encouraging indigenous, Aborigine agitation to occupy large uranium-bearing lands, taking them out of production.

When, in May 1976, power companies brought charges against the U.S. Westinghouse Electric Corp. claiming that it failed to supply uranium according to contract, Westinghouse responded with the allegation that RTZ and other corporations had formed a cartel that was forcing up world prices, preventing Westinghouse from meeting its contracts. Lord Denning and the Law Lords quashed Westinghouse's ability to take depositions in the United Kingdom, even under grant of immunity from self-incrimination, in order to protect RTZ's directors and their shareholder, the Queen, from exposure. But, on June 16, 1976, in hearings in the U.S. House Interstate and Foreign Commerce Subcommittee on Oversight and Investigations, Jerry McAfee, chairman of the Gulf Oil Corp., admitted that the cartel in which RTZ was his partner had, in fact, increased the world price of uranium.

When the Tennessee Valley Authority tried to sue RTZ, Gulf released new documents inculcating RTZ and its Rio Algom subsidiary in Canada, at which point, the U.S. Attorney General demanded immunized testimony. However, the directors of RTZ and the Queen were once again protected by the Law Lords, who claimed that the RTZ directors did not have to appear before an American court, as this was "an unacceptable invasion of British sovereignty." So, despite the fact that a cartel involving HM Queen Elizabeth II was hampering nuclear energy development in the United States,

the "free-trader" Queen was protected by her appointees among the Law Lords.

Dixie queen

According to the statements of Sen. Thomas J. McIntyre (D-N.H.) and Rep. Silvio O. Conte (R-Mass.) in 1971, Queen Elizabeth held a major share in Courtaulds Textile. Courtaulds came to their attention when the Queen had used it to hide her ownership in the largest plantation in Mississippi. The Queen apparently has used Courtaulds as a nominee for the purchase of other stocks, but what bothered the congressmen was that the wealthiest woman in the world was getting agricultural subsidies to run a plantation in the United States. In 1968, these two congressmen had described in the *Congressional Record* how the Queen obtained one of the world's largest plantations from Courtaulds, complete with sharecroppers, in Scott, Mississippi, situated on the banks of the Mississippi River near the border with Arkansas. It was known as the Delta and Pine Land Company, or "the Queen's Farm," and it consisted of 38,000 acres with rich soil, a factory, and a mill. At the time, it was worth \$44.5 million. It employed hundreds of African-American laborers at minimal wages. Since 1968, it had been subsidized by the U.S. Department of Agriculture to the tune of \$1.5 million. On April 16, 1970, Senator McIntyre, while introducing a bill relating to limitations on farm payments, said: "We paid the Queen \$120,000 for not planting cotton on the farmland she owns in Mississippi." Following the publicity, the Queen seems to have sold the plantation back to Courtaulds, but some believe Courtaulds merely exerted nominee ownership. In any event, the Queen's friend, Lord Rab Butler, was a director of Courtaulds at this time, and the Queen was said by Conte to be a major stockholder in Courtaulds.

New Yorker magazine reported that the Queen is the largest owner of slum property in New York City, including the pornography- and drug-riddled 42nd Street. Perhaps these are additional "grace and favor" spots for her loyal subjects.

Her Majesty's 'Prerogative Powers'

by Scott Thompson

During the Persian Gulf war, Her Majesty Queen Elizabeth II, as the only person in the British Empire who can declare war and as commander-in-chief of the empire's armed forces, received daily briefings from and issued orders to Prime Minister Margaret Thatcher. Ironically, Thatcher, the "Iron Lady," was known as the woman who had given "spine" to the Reagan-Bush administrations. Yet, behind the prime minister stood the Queen, who could sack Thatcher at a moment's